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✓ / winstar

Memorandum

To Dave Ackerman
 Frank Jules
 Nate Kantor
 Jerry Maloney
 Fred Rubin
 Bill Zlotnick

From Rick Uhl

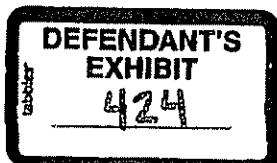
Date September 29, 2000

Re Winstar & Lucent

CL: BZ (F) Lucent
 DT
 JB
 ORIG: Return
 Rick 10/2

This is to advise that commencing October 1, 2000 Lucent will not accept service charges from Winstar until such time Winstar and Lucent agree as to the exact services to be provided and Lucent issues Winstar a purchase order in accordance with the attached letter

attachment



09/23/00 12:14 36 PMA 973 383 8106

NINA AVERSA

12002

Lucent Technologies
Bell Labs Innovations

Nina A. Aversano
President, North America
Service Provider Networks

3 Wood Hollow Road
Room 1K-01
Parsippany, NJ 07054 USA

Phone 973 381 4100
Fax 973 381 4106

September 27, 2000

Mr. Richard J. Uhl
Group Executive & Chief Financial Officer
Winstar Communications
685 Third Avenue
New York New York 10017

Dear Nate

This is to inform you that Lucent will accept your purchase order WVF1 0000002958 conditioned upon Winstar agreeing to the following understandings and conditions. If you agree, kindly sign in the space provided below and return to me immediately. Nate, this is a great opportunity for us to move our relationship forward toward what we originally envisioned – a seamless partnership where the many resources of Lucent can be utilized to help achieve Winstar's business plan. I hope you agree with me that we should seize the moment.

It would appear that there has been a great deal of confusion between us regarding which services and to what extent services would be provided by Lucent to Winstar under our Supply Contract dated October 21, 1998. Pursuant to Schedule A of that contract the parties intended a transition plan for Lucent to take over services that at the time Winstar was providing to itself. This was a broad plan possibly leading to a full outsourcing of all Winstar required services to Lucent. Since the signing of that contract there have been a number of attempts to formalize this broad services relationship. The last such attempt was undertaken this past June when the parties entered into two addenda – the Hub and B Site Addendum and the Optical Network Addendum. These addenda did not include the full range of service contemplated in the Supply Contract.

I am sure you would agree that fault for the failure to execute on our original concept lies with both Winstar and Lucent. Happily it appears we both favor the same result – a broad services relationship. We need to finalize that result as soon as possible so that our contractual relationship matches our mutual intent. We propose that commencing Monday morning October 2nd, or as soon thereafter as is reasonably possible, our two teams meet at your offices to finalize a broad services agreement. This would be a lock up session to finalize a full services agreement no later than two weeks thereafter. Consistent with the principles already established in our two addenda referenced above, Lucent would have complete control of the work covered by the scope of work the parties mutually define in this new agreement. Lucent may either perform the work itself by

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acquiring expertise and personnel from Winstar or subcontract some or all of it to third parties (including Winstar). Consistent with this model commencing October 1, 2000, Winstar would perform this work only upon prior receipt of a mutually acceptable written purchase order from Lucent (and not at its sole initiative). Should this process not be followed, Lucent would not be able to accept purchase orders or invoices for any performed services by Winstar presumably on Lucent's behalf. In addition, Lucent would not be able to accept purchase orders or invoices for Winstar performed services that are outside the scope of work defined in the agreement.

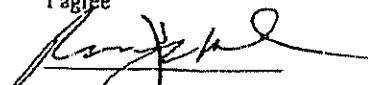
Further until this new services agreement is in place, Lucent will not be able to accept purchase orders or invoices for services performed by Winstar after September 30, 2000 that are either outside the scope of the two addenda referenced above or that fall within the scope of the new as yet unexecuted services agreement. Prior to Winstar performing any work that may rightfully fall within either of the two existing addenda referenced above, Lucent would need to issue mutually acceptable written purchase orders. Should this process not be followed, Lucent would not be able to accept purchase orders or invoices for any Winstar performed services presumably on Lucent's behalf.

I look forward to your prompt reply, and the further growth of our relationship consistent with our shared vision. If you have any questions, please call me on 973-581 4100.

Nina Aversano

Nina Aversano
President North America

I agree



Richard J. Uhl
For Winstar Communications Inc

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REDACTED

Original Message

From Chawla Kukie
Sent Wednesday, October 11 2000 10:36 AM
To nkantor@winstar.com
Subject Winstar/Siemens

Nate

As we move towards a formal agreement to cement our business and financial relationship I wanted to take a moment to reflect on new joint opportunities that lie ahead for us

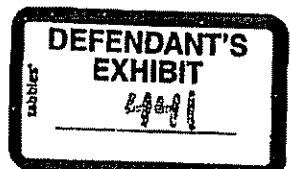
Clearly Siemens has high expectations on the growth of Winstar both here in the US and in Europe. We want to be part of that growth and success. Siemens has a strong presence on a global level and we believe that this agreement will pave the way for participating in that continued growth. Also we would like to be introduced to your strategic partners like Williams and Multimedia Fiber Networks to explore what opportunities exist for our portfolio of products and services. We do understand that ultimately it is our value proposition will enable these companies to purchase from Siemens.

I am sure Winstar has plans of presenting its full portfolio of services to Siemens (on a global level) with the expectations of Siemens selecting specific services that meet its requirements and budget. While there is no commitment to purchase any Winstar services at this time other than what has already been contracted for we will help facilitate the introduction of key Siemens decision makers to Winstar to review your offerings. I have requested Tony Maher's help in this area for the European sector.

We have been satisfied thus far with the services provided by Winstar at our local Florida campus facilities and this application could be a template moving forward in other campus areas. Also if there are any opportunities to use Winstar services as part of a bundled or turnkey application we will actively explore how we may engage your sales team as these opportunities arise.

I am looking forward to a mutually beneficial and growing business relationship between Winstar and Siemens.

Kukie Chawla
Senior Vice President Sales
Siemens Carrier Networks Inc
900 Broken Sound Parkway
Boca Raton, FL 33487
Tel (561) 923-6846
Fax (561) 923-8771



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From Dennis Huber <dhuber@winstar.com>
To Lisa Hicks <lhicks@winstar.com>
Cc Bill Zlotnick <bzlotnick@winstar.com>
Sent Monday, October 23 2000 5:57 PM
Subject Re Fwd: Re Winstar Services Meeting on Tuesday

<x flowed>Lisa

Exactly correct. Anything else will result in a mass exodus of this place when this deal is announced

What I want is the following

- o Winstar identifies the deliverable products (in terms of functional requirements)
- o Lucent PMs the deliverable products
- o Lucent subcontracts the work to Winstar
- o Winstar hires to staff the projects
- o Winstar delivers the products
- o Lucent pays Winstar staff
- o Winstar pays Lucent for the deliverables that Winstar accepts

Lucent will need PMs in a couple of cross functional directions

- o City Managers (eg BOS NYC) responsible for everything that Winstar needs in a city
- o Deliverable Product Managers (eg Hubs Bs)
- o WLA Project Managers (eg, Savvis, WAM!Net On Site)

Close alignment of the project managers will make Lucent's job easy. The opposite is also true

Dennis

At 12:25 PM 10/23/00 0400 you wrote

>Dennis

>

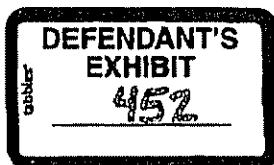
>Lucent seems determined to hire each individual person. I have no
>intention of giving them all the detail they have requested below
>especially anything that has to do with employee salary information. My
>perspective on this process is very simple - we develop a scope of work
>and associated deliverables, Lucent sub contracts back to Winstar to
>provide the work covered in the scope. The process should be that Lucent
>hires Winstar to provide X deliverable defined in the scope which would
>be one PO with a set price and Winstar just does the work. Am I seeing
>this differently than you are?

>

>Lisa

>

>>X Sender dhuber@mail.winstar.com
>>X Mailer QUALCOMM Windows Eudora Pro Version 4.2.0.58
>>Date Mon, 23 Oct 2000 08:41:10 -0400
>>To "Rigotti, David Roy (David)" <drigotti@lucent.com> <spetruini@lucent.com>
>>From Dennis Huber <dhuber@winstar.com>
>>Subject Re: Winstar Services Meeting on Tuesday
>>Cc Zlotnick, Bill <bzlotnick@winstar.com>



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>> Hicks Lisa <lhicks@winstar.com>
 >> 'Harris, Deborah <dharrisbrown@lucent.com>
 >> Garrett Gregory <ggarrett@lucent.com>
 >> Fawcett Lee <lfawcett@lucent.com>
 >> "Gilbert Raymond" <raygilbert@lucent.com>
 >> Salow Roger <roger_salow@ins.com>
 >> Watson, Peter D (Peter) <pdwatson@lucent.com>
 >> "Epstein Marc" <epstein@lucent.com>
 >> Hsu Diane <dlawhsu@lucent.com> 'Dowdy Mary
 >> <mdowdy@lucent.com>
 >> 'Follmer Marie <follmer@lucent.com>
 >>
 >>Dave Vanessa
 >>
 >>I'd like to get started at noon on Tuesday as we had planned. We will be
 >>able to speak to your points. I will bring Dave's perspective of this
 >>activity. I'd like to understand Lucent's perspective as well and frame
 >>our mutual expectations based upon this understanding. We should take
 >>some time at the outset of our meetings to make sure we understand our
 >>objectives so that we can drive toward them from the outset
 >>
 >>Dave I was unable to read your second attachment
 >>
 >>Dennis
 >>
 >>At 10:18 PM 10/22/00 0400 Rigotti David Roy (David) wrote
 >>>Dennis
 >>>
 >>>I believe our upcoming Services meeting is now scheduled to start on Tuesday
 >>>at 3:00 PM at an off-premises conference center. I believe those details
 >>>are coming out on Monday
 >>>
 >>>In the meantime we are requesting that you and your team bring as much data
 >>>and materials as possible to make our sessions as productive as possible
 >>>The following information would be of benefit
 >>>
 >>>* All Winstar Employees
 >>> * Scopes of work by department
 >>> * Job Descriptions for Winstar employees
 >>>* Winstar contractors
 >>> * Contractor Scopes of work
 >>> * Contracts for Contractors
 >>>* Salaries and loaded costs for each employee
 >>>* SLAs between functional groups
 >>>* Deliverables based needs
 >>>
 >>>Also I believe that Vanessa was going to contact you about Dave Ackerman's
 >>>participation in this extremely critical strategic discussion. We feel that
 >>>his participation is very important and would hope he could join us as early
 >>>into the discussion as possible so that the appropriate tone can be set.
 >>>If he is not available we would ask that you be able to articulate his 3-4
 >>>most critical aspects of the proposed arrangement (as to the true value to
 >>>Winstar)
 >>>
 >>>Also, though covered briefly above, we have engaged our agency within Lucent
 >>>that supports the provision of contracted labor. They have designed a very
 >>>specific list of needed information in order to bring current Winstar

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>>>contracted labor under the umbrella control of Lucent That checklist (my
>>>terminology) is attached as well
>>>
>>>
>>>
>>>Thanks and we look forward to seeing you on Tuesday
>>>
>>>David R Rigotti)
>>> > Lucent Technologies
>>>Services Sales Director WinStar
>>>*(703) 326 6348 (Work)
>>> (703) 980 7450 (Mobile)
>>>drigotti@lucent.com
>>>
>>>
>
</x-flowed>

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SUPPLEMENTAL AGREEMENT

among

WINSTAR COMMUNICATIONS, INC.,

SIEMENS CARRIER NETWORKS LLC

and

SIEMENS AKTIENGESELLSCHAFT

This Supplemental Agreement ('Supplement') executed on November 6 2000 (Supplement Execution Date') by and among WINSTAR COMMUNICATIONS, INC a Delaware corporation with offices located at 7799 Leesburg Pike, Suite 401, Tysons Corner, Virginia 22043 (WCI and together with its Affiliates "Winstar") and SIEMENS CARRIER NETWORKS LLC (Siemens), successor in interest to certain business of SIEMENS INFORMATION AND COMMUNICATION NETWORKS, INC , a Delaware corporation with offices located at 900 Broken Sound Parkway NW Boca Raton Florida 33487 and SIEMENS AKTIENGESELLSCHAFT a German corporation with offices located at Hofmannstrasse 51, 81359 Munich, Germany (Siemens AG)

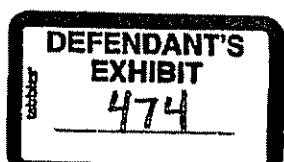
WITNESSETH

WHEREAS Siemens and Winstar have entered into a certain Point to Multipoint Supply and Services Agreement executed September 13 1999 as amended by Amendment 1 thereto executed November 3 2000 (such agreement as amended being referred to as the 'Agreement) to deploy certain telecommunications systems and services to various areas specified by Winstar and

WHEREAS, Winstar and Siemens have amended the referenced Agreement with the purpose among others to incorporate a new product line SDSL System to be furnished by Siemens to Winstar and in accordance with the terms and conditions of the Agreement and

WHEREAS Winstar has requested Siemens AG and Siemens to provide certain financing to support Winstar's telecommunication business operations and Siemens Financial Services, Inc (SFSI) a subsidiary of Siemens AG is prepared to provide financing for such purpose and

Siemens ICN 01832



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WHEREAS WCI and certain of its subsidiaries are parties to a Revolving Credit and Term Loan Agreement dated May 4 2000 among WCI Capital Corp a wholly owned subsidiary of WCI (the ' Borrower ') The Bank of New York as Administrative Agent, Collateral Agent and Lender and the other agents and lenders party thereto (as previously amended and as such agreement may hereafter be amended including by the Financing Agreement (defined below), the Winstar Credit Agreement) and

WHEREAS SFSI and Winstar intend to enter into an amendment to the Winstar Credit Agreement (such amendment hereinafter referred to as the Financing Agreement) pursuant to which SFSI will become a party thereto and make a single loan to the Borrower in the amount of two hundred million (US\$200,000 000 00) US Dollars (the Siemens Loan)

NOW THEREFORE in consideration of the premises and the covenants hereinafter contained the parties hereto agree as follows

- 1 The parties agree the Agreement, as amended is in existence and valid The parties agree that the effectiveness of this Supplement is conditioned on the full signature execution of the Financing Agreement and the funding of the Siemens Loan thereunder The date on which the Siemens Loan is funded to Winstar is hereinafter referred to as the ' Funding Date ' The parties agree that of the full signature execution of the Financing Agreement and Siemens funding of the Siemens Loan are conditioned on the prior execution and continued existence and validity of this Supplement and the issuance of the Letter of Credit (the Letter of Credit as defined hereunder) In the event (a) the Agreement is terminated for cause by Siemens pursuant to Subsection 21 1(b) of the Agreement or (b) Winstar commits any breach under this Supplement that has not been cured within thirty (30) days of receipt of written notice from Siemens such events shall be considered a default by Winstar hereunder (Event of Default)
- 2 Winstar will issue purchase orders take delivery and pay Siemens in accordance with the time periods described in Section 5 below, for systems and services specified in the Schedules attached to the Agreement (including such systems and services that are added to such Schedules from time to time) in accordance with the terms and conditions of the Agreement, for deployment in the United States in an aggregate amount of not less than one hundred fifty million (US\$150 000 000 00) US Dollars of which at least twenty three million (US\$23 000 000 00) US Dollars will be for the purchase of services specified in the Schedules attached to the Agreement Winstar shall not have the right to terminate the Agreement, any amendments to the Agreement or this Supplement so long as Winstar's obligation under this Supplement remain unfulfilled in their entirety The parties agree that any failure to deliver by Siemens or other breach of this Supplement or of the Agreement or amendments to the Agreement by Siemens shall not relieve Winstar of its obligations under this Section 2 provided, however in the event of any such failure to deliver or other breach by Siemens the parties agree to negotiate in good faith towards appropriate modifications to this Supplement Any purchase order cancellation or purchase order termination by Winstar under this Agreement shall not affect in any way Winstar's obligations under this Section 2

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- 3 Siemens AG and Winstar agree to negotiate in good faith to enter into a purchase agreement (the 'Frame Agreement') for Winstar to procure systems and services to be deployed outside of the United States. The Frame Agreement will have as appropriate, the general terms and conditions of the Agreement which will be modified to the extent necessary, to incorporate certain provisions consistent with local legal and regulatory requirements commercial and business practices and product or performance specifications. Both parties agree to dedicate sufficient resources to immediately commence negotiations and conclude the Frame Agreement within one hundred twenty (120) days of the Funding Date. Such Frame Agreement will contain provisions for liquidated damages and a letter of credit corresponding to those provisions contained herein. The letter of credit for the Frame Agreement obligations may be in the form of an amendment to the Letter of Credit called for in this Supplement. Upon execution of this Supplement Siemens AG and Winstar will commence and proceed working together to formulate a business development and rollout plan for targeted international markets as part of developing the Frame Agreement.
- 4 The Frame Agreement shall provide that Winstar shall purchase from Siemens AG, or its affiliates other than Siemens systems and services for deployment in Europe in accordance with the terms and conditions set forth in the Frame Agreement in a minimum amount of forty two million (US\$42,000,000.00) U.S. Dollars within the earlier of (i) two (2) years from the execution of the Frame Agreement or (ii) twenty eight (28) months from the Funding Date. Contemporaneous with the execution of the Frame Agreement the obligation of Section 2 shall be reduced by forty two million (US\$42,000,000.00) US Dollars. All services purchased under the Frame Agreement shall apply towards the twenty three million (US\$23,000,000.00) minimum purchase of services specified in Section 2. Furthermore after twelve (12) months of the Funding Date the parties will jointly review the Winstar's European rollout and deployment plans to analyze if the Winstar's forty two million (US\$42,000,000.00) US Dollars purchase level set forth in this Section can be achieved based on the prevailing business and regulatory conditions. In the event such purchase level cannot be met the parties will use their best efforts to negotiate an adjustment of such purchase level and if applicable make the corresponding adjustment to the purchases for the US deployment provided however nothing herein shall modify Winstar's obligation to purchase the total combined amount of one hundred fifty million (US\$150,000,000.00) US Dollars of systems and services as set forth in Section 2 of this Supplement under the Agreement and the Frame Agreement (i.e. any reduction in the Frame Agreement purchase commitment will increase the purchase commitment under the Agreement so the total purchase commitment is US\$150,000,000.00).
- 5 Winstar shall issue purchase orders take delivery and pay under the terms of the Agreement and the Frame Agreement when applicable systems and services under the commitment set forth in Section 2 as adjusted by Section 4 by the following dates

5.1 Twenty five million (US\$25,000,000.00) US Dollars (for any combination of the systems and services specified in Section 2) shall be covered by a purchase order to be issued to Siemens on or before the Funding Date for systems and/or services to be delivered in the

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first quarter of 2001 provided however that the effectiveness of such purchase order shall be conditioned on and shall be revocable by Winstar in the event Winstar and Siemens do not execute this Supplement and the Financing Agreement or the Siemens Loan is not funded to Winstar and

5 2 Approximately sixty five million (US\$65,000,000) US Dollars shall be covered by purchase orders issued (for any combination of the systems and services as specified in Section 2, as modified under Section 4 above) during the first year following the Funding Date, and

5 3 Approximately sixty million (US\$60,000 000) US Dollars shall be covered by purchase orders issued (for any combination of the systems and services as specified in Section 2 as modified under Section 4 above) during the second year following the Funding Date provided however no less than forty five million (US\$45 000 000) of the purchase orders issued as part of such sixty million (US\$60 000 000) shall be for delivery and payment prior to the expiration of the second year following the Funding Date provided further however, no more than fifteen million (US\$15,000,000) of the purchase orders issued as part of such sixty million (US\$60 000,000) shall be made during the period beginning on the twenty second month following the Funding Date through the expiration of the second year following the Funding Date for delivery and payment prior to or after expiration of the second year following the Funding Date

- 6 In the event that (i) Winstar's obligations under Section 2 of this Supplement as adjusted by Section 4 if the Frame Agreement is executed by the parties are not fulfilled by the end of the time period established by this Supplement, or (ii) there is an Event of Default as defined in Section 1 of this Supplement before the obligations under Section 2 (as adjusted by Section 4 if the Frame Agreement is executed by the parties) have been fulfilled by Winstar (the event within the scope of clauses (i) and (ii) of this sentence are referred to as damage events or a damage event) Winstar agrees that Siemens will suffer losses and damages and the amount of such losses and damages that would be suffered by Siemens in respect of lost purchases under this Supplement would be extremely difficult to determine. The amount of the losses and damages that would be suffered by Siemens upon a damage event would be extremely difficult to determine because among other things Siemens and Winstar have not agreed on a specific combination of systems or services to be purchased under this Supplement (although Winstar has agreed to purchase a quantity of systems and services, the aggregate prices of which would equal the amounts to be purchased under this Supplement) and each of the systems and services would have its own lost profit. Due to the extreme difficulty of determining the amount of losses and damages that would be suffered by Siemens upon a damage event Siemens and Winstar agree for purposes of this Supplement that instead of requiring proof of actual damages the amount of such losses and damages is fairly and reasonably established as the liquidated amount of twenty five percent (25%) of the amount by which the amount of Winstar's issuance of purchase orders for and taking delivery of systems and services under Section 2 (collectively purchase or purchases for the purpose of this clause) is less than the total amounts of systems and services Winstar is required to purchase and pay for as adjusted by Section 4 if the Frame Agreement is executed by the parties in the time frame referred to under Section 2. Siemens and Winstar agree that upon the occurrence of a damage event Winstar shall pay to Siemens as liquidated

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damages within ten (10) business days following Siemens' demand for payment of liquidated damages the amount equal to twenty five percent (25%) of the amount by which Winstar's purchases of systems and services under Section 2 are less than the total amount of the purchases and payment required to be made by Winstar under Section 2 as adjusted by Section 4 if the Frame Agreement is executed by the parties. The liquidated damages provision of this Section is a material part of the consideration for this Supplement and the Financing Agreement, and the parties acknowledge and agree that they would not have entered into this Supplement and Financing Agreement without the liquidated damages provision set forth in this Section. Siemens and Winstar agree that the amount of liquidated damages is reasonable in light of the anticipated or actual harm to Siemens that would be caused by a damage event and the inconvenience or nonfeasibility of Siemens otherwise obtaining an adequate remedy. Siemens and Winstar agree that this liquidated damages provision is intended to be a means to calculate damages and is not intended to be a penalty or forfeiture. Liquidated damages herein are intended to constitute the exclusive compensation due to Siemens and the sole and exclusive remedy of Siemens for all of Siemens' actual losses and damages sustained as a result of Winstar's failure to purchase the requisite amount of systems and services as provided in Section 2 as adjusted by Section 4 if the Frame Agreement is executed by the parties provided however that the imposition of liquidated damages shall not and is not intended to limit in any event (a) the rights and remedies of Siemens under the Agreement except to the extent that the exercise of any right or remedy would seek compensation for actual loss or damages sustained as a result of Winstar's failure to purchase the required amount of products and services as provided in this Supplement or (b) the rights or remedies of Siemens in respect of systems and services that are ordered and delivered to Winstar, but not paid for by Winstar.

- 7 Siemens will invoice Winstar and Winstar shall pay Siemens in readily available funds for all systems and services being provided by Siemens under the Agreement in accordance with the terms of the Agreement.
- 8 Prior to the Funding Date Winstar shall cause Bank of New York or another bank acceptable to Siemens (Bank of New York or such other bank being referred to herein as the "Issuing Bank") to issue an irrevocable standby Letter of Credit for the benefit of Siemens (a) in the form of the irrevocable standby Letter of Credit attached hereto as Form A (or in such other form as may be satisfactory to Siemens) - (b) in the amount of twenty five million (US\$25 000,000.00) US Dollars and (c) with an initial term (the "Letter of Credit Term") of two (2) years and one hundred twenty (120) days (which irrevocable standby Letter of Credit is referred to herein as the "Letter of Credit" as it may be extended, supplemented, or amended and which term shall also refer to any irrevocable standby Letter of Credit issued in replacement therefor).

8.1 If the Letter of Credit is presented for full or partial payment in accordance with subsection 8.3 below during the Letter of Credit Term Winstar shall within seven (7) business days (defined as Monday through Friday, holidays excepted) after such presentation is made on the Letter of Credit cause the Issuing Bank to amend the Letter of Credit to increase the amount of the Letter of Credit by the amount of the documentary draft or

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demand for payment made with such presentment so that the amount available under the Letter of Credit shall at all times be at least twenty-five million (US\$25,000,000.00) US Dollars. At the end of each calendar quarter during the Letter of Credit Term the parties will review the amount of the Letter of Credit and total amounts owing by Winstar under purchase orders issued under the Agreement. If as of the date which is the last day of each calendar quarter during the Letter of Credit Term (the "Measurement Date") the unpaid balance of amounts owed by Winstar under the purchase orders issued under the Agreement exceeds the amount available for drawing under the Letter of Credit (such excess being called the "Letter of Credit Shortfall"), then by the date which is ten (10) business days after the Measurement Date Winstar shall, at its option either (i) increase the amount of the Letter of Credit by the amount of the Letter of Credit Shortfall or (ii) pay Siemens in readily available funds, an amount equal to the Letter of Credit Shortfall. Upon request of Winstar Siemens shall immediately request that Issuer reduce the amount of the Letter of Credit to twenty five million (US\$25 000 000.00) US Dollars after Winstar has reduced the Letter of Credit Shortfall to zero.

8.2 The Issuing Bank shall have and maintain an office in New York City New York at which letters of credit issued by the Issuing Bank (and any documentary drafts or demands for payment thereunder) may be presented for payment and at which office such letters of credit (and documentary drafts or demands for payment thereunder) shall be paid. If at any time during the term of this Supplement the Issuing Bank shall fail to have and maintain an office in New York City at which letters of credit issued by Issuing Bank (and any documentary drafts or demands for payment thereunder) may be presented for payment, and at which office such letters of credit (and documentary drafts or demands for payment thereunder) shall be paid, then promptly upon Siemens request Winstar shall cause the Letter of Credit to be replaced with a new Letter of Credit issued by a bank acceptable to Siemens that has and maintains such an office in New York City.

8.3 Siemens shall be entitled to present the Letter of Credit and any documentary drafts or demands for payment thereunder for payment of all or any part of the credit in accordance with the terms of the Letter of Credit and Siemens shall be entitled to certify to the Issuing Bank that the amount is due, immediately upon the occurrence of any of the following events

- (a) a failure of Winstar to pay an amount when due in accordance with Section 7 of this Supplement or
- (b) Winstar is obligated to pay liquidated damages as provided in Section 6 above or
- (c) a failure of Winstar to cause the Issuing Bank to amend the Letter of Credit or a failure of Winstar to pay Siemens in accordance with Section 8.1 of this Supplement but Siemens may only in this event draw down an amount equal to the Letter of Credit Shortfall

No delay or omission by Siemens in exercising any right to draw on the Letter of Credit shall impair any such right or be construed as a waiver of any such right nor shall any course of

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dealing between Siemens and Winstar be construed as a waiver of any such right. No failure on the part of Siemens to exercise any right to draw on the Letter of Credit in any circumstance shall constitute a waiver of any future right to draw on the Letter of Credit. Siemens' rights and remedies hereunder are cumulative. No draw by Siemens under the Letter of Credit shall cure or be deemed to cure any default or limit in any respect Siemens' rights or remedies under the Agreement, the Financing Agreement or this Supplement, except to the extent such draw shall be deemed to cure Winstar's payment failure up to the amount of the draw.

8.4 If Siemens presents the Letter of Credit, or any documentary drafts or demands for payment thereunder, for payment and the Issuing Bank of the Letter of Credit honors such drafts or demands for payment and makes such payment to Siemens, Siemens shall apply such payment to the Purchase Amount (herein defined). If the amount of such payment received by Siemens from the Issuing Bank of the Letter of Credit is less than the outstanding unpaid balance of the Purchase Amount, then Winstar shall remain obligated to Siemens for payment of the deficiency. If the amount of such payment received by Siemens from the Issuing Bank of the Letter of Credit is greater than the outstanding balance of the Purchase Amount, such surplus shall be remitted to Winstar, provided, however, Siemens shall not seek amounts from the Issuing Bank in excess of the amount Siemens believes in good faith to be as of the date it delivers the Letter of Credit for payment outstanding balance of the Purchase Amount. "Purchase Amount" means the amount equal to (i) the unpaid purchase price for the goods delivered and/or services provided by Siemens to Winstar pursuant to the purchase orders issued by Winstar under the Agreement, plus (ii) any amounts (other than the unpaid purchase price for the goods delivered and/or services provided by Siemens to Winstar under the Agreement) owed by Winstar to Siemens under this Supplement on account of liquidated damages pursuant to Section 6 above.

8.5 If the Letter of Credit remains outstanding on the date that Winstar makes the final payment in available funds on purchases in fulfilling its obligations under Section 2 under this Supplement, then upon Winstar's written request made at least one hundred twenty (120) days after the date of such final payment, Siemens shall deliver the Letter of Credit to Winstar or to the Issuing Bank.

- 9 The provisions of this Supplement take precedence over the provisions of the Agreement and any amendments to the Agreement. In the event of a conflict or inconsistency between the provisions of this Supplement and the provisions of the Agreement and any amendments to the Agreement, the provisions of this Supplement shall take precedence.
- 10 Any disputes arising or relating to this Supplement shall be governed by the laws of the State of New York. The parties agree that Siemens AG is not subject to jurisdiction of any state or federal courts in the U.S. and its execution of this Supplement shall not be deemed to be a waiver of any such position on the part of Siemens AG.

IN WITNESS WHEREOF this Supplement has been executed and delivered by the undersigned duly authorized representatives as of the date last written below.

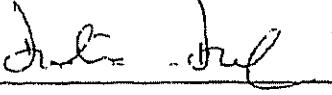
Confidential

Supplemental Agreement / Execution Copy

WINSTAR COMMUNICATIONS INC

SIEMENS CARRIER NETWORKS LLC

By _____

By 

Printed _____

Printed Dieter Diehn

Title _____

Title Executive Vice President & CFO

Date _____

Date December 6 2000

SIEMENS AKTIENGESELLSCHAFT

By _____

Printed _____

Title _____

Date _____

01-DEZ-2000 16 47

S 02/02

Confidential

Supplemental Agreement / Execution Copy

WINSTAR COMMUNICATIONS INC

SIEMENS CARRIER NETWORKS LLC

By _____

By _____

Printed _____

Printed _____

Title _____

Title _____

Date _____

Date _____

SIEMENS AKTIENGESELLSCHAFT

By I. V. M. F. Schell

Printed R. Lehrmann F. Schell

Title Senior Vice President Finance and Business

Date 01 Dez 00

1 DEC 04 2000 9 50 AM FR SIEMENS CARRIER NETWORKS LLC 1 JJC 450446 0 07 L

Confidential

Supplemental Agreement / Execution Copy

WINSTAR COMMUNICATIONS INC

By 

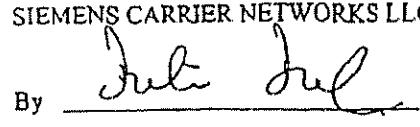
Printed _____

Fredric E. Rubin
Senior Vice President, Treasurer

Title _____

Date _____

SIEMENS CARRIER NETWORKS LLC

By 

Printed _____

Dieter Diehn

Title _____

Executive Vice President & CFO

Date _____

December 6 2000

SIEMENS AKTIENGESELLSCHAFT

By _____

Printed _____

Title _____

Date _____

**ROA
TAB
965**

11/14/00 12 26 FAX 908 558 1700
NOV-13-2000 16 48

WINSTAR

LUCENT TREASURY

10/00/00
2125844873 P 02



Frederic E. Rubin
Senior Vice President
Treasurer
Winstar Communications

The Winstar Building
685 Third Avenue
9th Floor
New York, NY 10017
T (212) 792 9039
F (212) 584 4073

November 13, 2000

Martina Hund-Mejean
Senior Vice President & Treasurer
Lucent Technologies Inc
600 Mountain Avenue
Murray Hill NJ 07974

Re Winstar/Lucent Financings

Dear Martina

Thanks for your November 7th letter. Congratulations on your new position with Lucent and I look forward to meeting you as we continue to develop the strategic partnership between our companies. We value our partnership with Lucent. I believe that this partnership continues as a valuable asset to both companies and it has been the basis upon which we have consistently provided significant value to each other over the past two years.

I would like to take this opportunity to reflect the approach discussed during the Winstar/Lucent meeting on Monday November 7, 2000. As you know, Winstar has obtained a commitment for an additional \$200 million of loans under our Senior Secured Credit facility. We intend to close that transaction in the next couple of weeks. Winstar also agreed to pay to Lucent the net proceeds from the \$200 million financing per the terms of our existing Agreement. As we stated in our meeting on November 7 we would, however, prefer Lucent to consider accepting \$100 million of those proceeds and permit Winstar to retain the balance. The enhanced working capital would help to continue to build our business even more quickly which, we believe, ultimately benefits Lucent as our principal supplier. We look forward to your positive response to this request.

In addition, and in the spirit of our partnership we also offered Lucent the right to convert its Winstar loans at all times instead of waiting for the \$500 million trigger point currently required in our Agreement. The financial terms associated with reaching \$500 million of loans on Lucent's balance sheet, however would remain, as per our current Agreement. In addition, we would, of course, provide you with marketing support in connection with these and other types of sales of Lucent's Winstar paper.

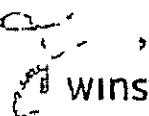
DEFENDANT'S
EXHIBIT

48b

11/14/00 12 28 FAX 808 550 1708
NGU-13-2000 16 48 WINSTAR

LUCENT TREASURY

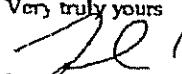
10004
2125B44073 P 03


Winstar

Martina Hund Mejean
November 13, 2000
Page 2

Finally regarding your request to conduct due diligence, we would be most happy to work with you on an update of Winstar's plan. As you know your people on the supply side have been working very closely with us in the deployment of our network. We would welcome this opportunity to update your group as it is our belief that a thorough understanding of our current operations would give you even more confidence in our future success as well as the opportunities that we both have when we work closely together.

I look forward to working out a mutually beneficial plan for the continued growth of this very important partnership.

Very truly yours

Frederic E. Rubin
Senior Vice President & Treasurer

TOTAL P 03

**ROA
TAB
970**

Printer Printer

From Rogers Leslie L (Leslie)
Sent Thursday November 16 2000 5:09 PM
To Harris Deborah K (Deborah Kristine) Derrick Peter (Peter) Mark Robert M (Rob)
 Montemarano Michael A (Michael) Nelson William K (William); Plunkett William
 Montgomery II (Bill); Spurrier Carole J (Carole) Keefe Michael C (Michael) Quinn William
 N (William) Keller William C (Bill) Perincone Elizabeth (Beth)
Cc Kerner Margaret (Margaret)
Subject RE Fred Rubin Letter

My first reaction is the following

Winstar did not "agree" to the disbursement of \$200MM to Lucent. This is a contractual situation under which Winstar is forced to comply or be in default. They are doing us no favors by paying us the cash for the above reason. Further they have nothing to stop them from simultaneously borrowing an additional \$200MM from the Lucent facility rendering our position no better than before.

Secondly we do not discuss Lucent's financial position" with outsiders particularly customers. It is inappropriate to use LU's enormous pressures as an excuse to demand that we be paid in accordance with the contractual agreement they have with us.

I would venture to say that your third paragraph is probably nebulous enough so not to imply any interest on our part to amend our rights but we must chose our words with caution because as we all are painfully aware Winstar is particularly adept at finding ways to spin our words to their advantage (eg "all funds from other sources must be used" was literally interpreted by Winstar to mean all funds were drawn and put into a bank account rather than using the funds for purchases and operations)

Since I have not seen the original letter I cannot comment on what requests were not addressed

Leslie

—Original Message—

From Harris Deborah K (Deborah Kristine)
Sent Thursday November 16 2000 4:42 PM
To Derrick Peter Mark Robert Montemarano Michael Nelson William Plunkett William Rogers Leslie Spurrier Carole Keefe
 Michael C (Michael)
Cc Kerner Margaret
Subject FW: Fred Rubin Letter
Importance High

Okay everyone

I have drafted a conversational yet hopefully accurate response to Winstar's letter on the Financing agreement. Please review and provide any comments by the morning and I will send to Winstar on Friday which will help set up Carole and my visit with Nate Kantor on Monday.

If you need to reach me the best bet is on my cell phone 908 759 5342. If you need to fax anything to me please call Margaret Kerner and she will know the best way to reach me.

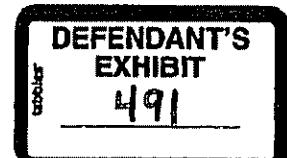
Thanks
Debbie

From Dollins Audrey M (Audrey)
Sent Thursday November 16 2000 4:30 PM
To Harris Deborah K (Deborah Kristine)
Subject Fred Rubin Letter

Debbie

Here it is I haven't received Margaret's e-mail yet so I'm waiting for a return call to make sure I have your title listed correctly. But at least you can look it over right now.

<< File Fred Rubin Letter 11 16 00 doc >>



CONFIDENTIAL

LWI

00037184

**ROA
TAB
997**

Confidential

From Chawla Kukie
Sent Wednesday December 06 2000 6:03 PM
To frubin@winstar.com kmonaco@winstar.com kzinghini@winstar.com
Cc Deutsch Theodore Holwell Kevin Kasera Siddharth Liston Tim
Subject FW: Congratulations

Fred Kevin and Ken
Thanks for working with us as true partners and getting this transaction done!
Best regards
KUKIE

— Original Message —

From Chawla Kukie
Sent Wednesday December 06 2000 5:59 PM
To nkantor@winstar.com dackerman@winstar.com ruhl@winstar.com
Subject Congratulations

Nate Dave and Rick

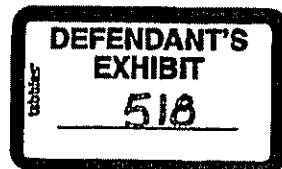
Congratulations on the financial closure for the \$200M senior secured facility from Siemens
With the conclusion of this deal Siemens and Winstar enter into a new phase of our strategic relationship. I want to
thank you for your personal effort and patience in bringing this tremendous program to closure. Dave you had the
vision. Rick you created the financial model. And Nate you convinced Siemens executive management that Winstar is
the right partner

In addition we could not have achieved this milestone without the drive of key members of your team and in particular
I want to mention Fred Rubin Kevin Monaco and Ken Zinghini for their positive contributions in making this a reality.
Their dedication and attention to this project was instrumental in achieving success

I am looking forward to continuing to have our teams work together to ensure a smooth and successful
implementation of our products and services in the Winstar network

Again my sincere thanks for your assistance and for the first \$25M purchase order

Best regards
Kukie Chawla
Senior Vice President Sales
Siemens Carrier Networks Inc
900 Broken Sound Parkway
Boca Raton FL 33487
Tel (561) 923-6846
Fax (561) 923-8771



**ROA
TAB
1023**

Lucent Technologies
Bell Labs Innovations

Elizabeth T. Pernicone
Director North America
Customer Finance

600 Mountain Avenue
Murray Hill, NJ 07974
Phone 908-582-0366
Fax 908-582 2237
Email eperncone@lucent.com

December 19 2000

VIA FACSIMILE (212 584 4001)

Winstar Communications, Inc
WVF I LLC
The Winstar Building
685 Third Avenue 9th Floor
New York, NY 10017
Attn: Treasurer and General Counsel

Re Lucent Credit Facility

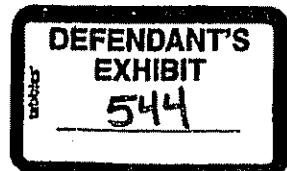
Ladies and Gentlemen

Reference is made to the Credit Agreement (the 'Agreement'), dated as of May 4, 2000 among you, Lucent Technologies Inc, as administrative agent and lender, and The Bank of New York, as collateral agent. Capitalized terms not defined in this letter shall have the meanings ascribed to them in the Agreement. As of the date hereof, the principal amount of outstanding Lucent Loans exceeds \$500 000 000

Pursuant to Section 2.18(a) Lucent hereby requires that the Borrower and the Parent refinance all outstanding Loans under the Agreement. This letter is a Refinancing Notice pursuant to Section 2.18(a) of the Agreement

Lucent Technologies Inc

By Elizabeth Pernicone



CONFIDENTIAL
3WC 0008694

**ROA
TAB
1039**

Derrick, Peter (Peter)

From Derrick Peter (Peter)
Sent Friday December 29 2000 11 08 AM
To Montemarano Michael A (Michael)
Cc Hopkins Deborah C (Debby/CFO) Verwaayen Bernardus J (Ben)
Hund-Mejean Martina (Martina) Harris Deborah K (Deborah Kristine)
Carroll Christopher F (Christopher) Perricone Elizabeth (Beth)
DaSilva Kevin G (Kevin) Gibbens Mark G (Mark)
Subject FW winstar

Michael

As discussed today and based on the agreements reached with Winstar we have initiated the following payments to Winstar

- \$32M – as per their drawdown request (\$30M in cash \$2 0M Lucent content)
- \$62M – for services \$58M will be disbursed and \$4 0M will be retained by Lucent as per your agreement with Winstar (we have an internal memo Chris Carroll is currently obtaining the required formal disbursement documentation from Winstar)
- \$10 025M accounts payable will be released to Winstar today

Regards

Peter

--Original Message--

From Carroll, Christopher F (Christopher)
Sent Friday December 29 2000 10 23 AM
To Demick Peter (Peter)
Subject FW winstar

Christopher Carroll

Financial Vice President
North America Region

Original Message

From Montemarano Michael A (Michael)
Sent Wednesday December 27 2000 6 43 PM
To Hund-Mejean Martina Harris Deborah K (Deborah Kristine)
Cc Carroll Christopher Hopkins Deborah Rosen Stephen Verwaayen Bernardus Spurner Carole J (Carole) Derrick Peter (Peter)
Subject winstar

Based on a call today with the winstar chairman president and CFO we took the following position as articulated by Ben

DEFENDANT'S

EXHIBIT

560

We would allow winstar to use the credit facility to fund their services for this quarter. We would not engage in any billing/PO's between the companies but they could and intend to draw down the facility for about 65M. This would be cash out the door for us.

We agreed that the 35m credit granted in 4qtr can be used as a reduction to their outstanding credit facility. It would not be dispersed in cash to them but we go against the credit facility as a repayment.

They also indicated they had presented a draw down last week of 32M. Ben asked them to reconsider this given the extremely low lucent content.

I will work this tomorrow with their CFO and plan to ensure they adequately document the cash draws. In addition Ben asked the CT to set up a meeting with Winstar to get the relationship to a new level where both companies benefit.

Other issues to be discussed:
Retroactive pricing of Hubs and Buildings b's and hubs
Closure on services/outsourcing arrangement

Michael

**ROA
TAB
1078**



Michael A. Montemarano
Vice President Finance
North America Region

283 King George Rd
Room: C4C01A
Warren NJ 07059

Phone: 908 559 4880
Fax: 908 559 2399

February 6, 2001

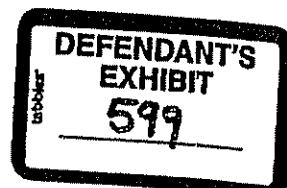
VIA FACSIMILE (212 584 4001)

Mr. Richard Uhl, Group Executive and CFO
Winstar Communications, Inc
The Winstar Building
685 Third Avenue, 31st Floor
New York, NY 10017

Rick,

Thank you for delivering the Capital Expense forecast for Winstar which details the amounts expected to be drawn down under the Credit Agreement for the quarter ended March 31, 2001. As you know, the \$60M placeholder for "Services" has been discussed many times and the Lucent position stands firm. Absent resolution of any outsourcing work (and then only on a going forward basis), Lucent's position has been clear that non-Lucent performed Services activity cannot be funded from the credit facility.

cc C Spurner
D Hams
B Verwaayen



**ROA
TAB
1142**



Michael C. Keefe Lucent Technologies Inc.
Corporate Counsel Room 3C-517
600 Mountain Avenue
Murray Hill, NJ 07974
Telephone (908) 582 6754
Facsimile (908) 582 2020
Email mckeefc@lucent.com

March 30, 2001

VIA FACSIMILE (212 584 4001)

Winstar Communications Inc
WVF 1 LLC
WVF LU2 LLC
The Winstar Building
685 Third Avenue 9th Floor
New York, NY 10017
Att Treasurer and General Counsel

Re Lucent Credit Facility

Ladies and Gentlemen

Reference is made to the Credit Agreement (the "Agreement") dated as of May 4, 2000 among you, Lucent Technologies Inc as administrative agent and lender, and The Bank of New York as collateral agent. Capitalized terms not defined in this letter shall have the meanings ascribed to them in the Agreement.

Lucent has not funded your latest borrowing request because of the failure to fulfill the borrowing conditions in Section 4.03 of the Agreement.

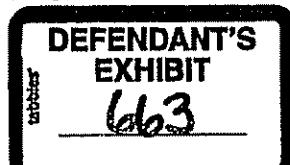
Lucent is willing to provide a one time accommodation waiver to permit you to borrow under the Agreement only to pay unpaid invoices for Lucent products and services which would result in no cash being remitted to you. Lucent is willing to provide this waiver on the condition that you agree to the following, such agreement to be evidenced by your execution of a copy of this letter.

1 The borrowing request is submitted no later than 11:00 a.m., Tuesday, April 3, 2001.

\\NJ9620SVR01\Corp\Securities\Keefe\mcNorth America\Winstar\Borrowing Waiver Letter on LETTERHEAD (3.30.01).doc

CONFIDENTIAL

LWI 00004709

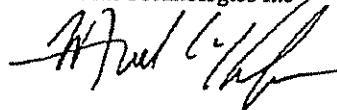


2 You acknowledge that this waiver is an accommodation as you have not satisfied the borrowing conditions in Section 4 03 of the Agreement and

3 You acknowledge that Lucent is not in breach or violation of the Agreement and that you do not have any claims against Lucent on account of or in connection with the Agreement and any claims you may have against Lucent on account of the Agreement as of the date hereof are hereby released by you, on behalf of yourselves and your affiliates officers directors successors and assigns

If the foregoing is acceptable and you agree to the terms set forth above please countersign a copy of this letter and return it to me

Lucent Technologies Inc



Agreed and Acknowledged
Winstar Communications, Inc

By _____
Name _____
Title _____

WVF-I LLC

By _____
Name _____
Title _____

WVF-LU2, LLC

By _____
Name _____
Title _____

**ROA
TAB
1147**



NOTICE OF REQUEST FOR BORROWING

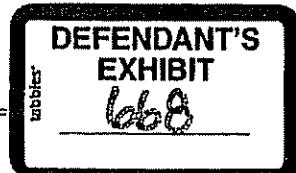
To Lucent Technologies Inc as Administrative Agent

Reference is made to the Credit Agreement dated as of May 4 2000 among WVF LU2 LLC ("the Borrower") Winstar Communications Inc (Winstar) the lenders which are a party thereto The Bank of New York as Collateral Agent and Lucent Technologies Inc as Administrative Agent (as amended from time to time the Credit Agreement) Unless otherwise defined herein capitalized terms defined in the Credit Agreement and used herein shall have the same meaning ascribed to such terms in the Credit Agreement

Pursuant to Section 2 03 the Credit Agreement the Borrower hereby gives the Administrative Agent written notice of request for a Borrowing according to the following instructions

1 Total Amount of Borrowing	\$ 62 050 743 00
a) Amount of Borrowing to be paid directly to Lucent for Lucent Invoices	\$ _____
b) Amount of Borrowing to be paid directly to Lucent for Lucent Subsidiary Invoices	\$ _____ -
c) Amount of Borrowing to be paid directly to Lucent for Lucent International Invoices	\$ _____
d) Amount of Borrowing to be paid directly to Lucent for Lucent Arrangement Fees	\$ _____
e) Amount of Borrowing to be paid directly to the Borrower Non-Lucent Equipment	\$ 62,050 743 00

BANK NAME	STATE STREET BANK & TRUST
	BOSTON MA
ABA NUMBER	011 000 028
ACCOUNT NAME	MERRILL GROUP
	CREDIT MERRILL PREMIER FUND
FOR FURTHER CREDIT TO	WVF-LU2, LLC
ACCOUNT NUMBER	3324772
AMOUNT	\$ 62 050 743 00



BANK NAME	STATE STREET BANK & TRUST
	BOSTON MA
ABA NUMBER	011 000 028
ACCOUNT NAME	MERRILL GROUP
	CREDIT MERRILL PREMIER FUND
FOR FURTHER CREDIT TO	WVF-LU2, LLC
ACCOUNT NUMBER	3324773
AMOUNT	\$

2 Effective Date of Borrowing March 30 2001

3 Type of Borrowing LIBOR ABR

4 Interest Period	Months	1	2	3
		6	9	12

5 The Lucent invoices to be paid with the Borrowing are listed on Schedule A attached

The Borrower hereby certifies that all conditions for borrowing set forth in Section 4 03 the Credit Agreement have been satisfied or will be satisfied as of the date hereof and the date the borrowing is made

Dated this 27 day of March 2001

WVF-LU2 LLC
 By 
 Name Richard J. Uhl
 Group Executive and CFO



Fax Cover Sheet

Date March 27, 2001
To Genoveso Caviness
Fax # 908-582-3101
From Doreene Nidowicz
Phone # 212-792-9069
RI Fax 212-584-4073

of pages (including cover)

Message

Attached, please find the draw request for 3/30/01

Please call me if you have any questions

Thanks
Doreene

*****-COMM JOURNAL-***** DATE APR-02-2001 TIME 09:37 *****

MODE = MEMORY TRANSMISSION

START=APR-02 09:36 END=APR-02 09:37

FILE NO -394

STN NO	COMM	ABBR NO	STATION NAME/TEL NO	PAGES	DURATION
001	OK	*	819085823101	003/003	00:00:35

jl
winstar

Fax Cover Sheet

Date: March 27, 2001
To: Genoveso Caviness
Fax #: 908-582 3101
From: Doreene Nidowicz
Phone #: 212 792-9069
RI Fax: 212-584-4073
of pages (including cover)

Message:

Attached please find the draw request for 3/30/01

Please call me if you have any questions.

Thanks
Doreene

CONFIDENTIAL
3WC 0008252



Fax Cover Sheet

Date April 2, 2001
To Genoveso Caviness
Fax # 908-582-3101
From Doreene Nidowicz
Phone # 212-792-9069
RI Fax 212-584-4073
of pages (including cover)

Message

Please add this to the draw request as an attachment. Although this is not usually provided, this is the detail behind the services number

Please call me if you have any questions

Thanks
Doreene

1 CAPITAL LABOR SCHEDULES (Excluded from Q1 2006 Workload 00223)

Winstar Telecommunications Inc.
Lateral Billing for Capital Labor
Q1 2006 Estimate

Department	January			February			March (Estimate)			Quarter 1 (Estimate)			
	Total	Initial	Final	Total	Initial	Final	Total	Initial	Final	Total	Initial	Final	
WINSTAR SYSTEMS GROUP													
WSD Non-Departmental	0.00	500.000	0.00	0.00	1,500.000	0.00	1,500.000	0.00	1,500.000	3,000.000	0.00	3,000.000	
Communication Systems	4910	9,621	0	4,422	1,255,915	(18,915)	1,254,510	(22,415)	1,251,510	44,619	9,622	44,622	
Customer Order Management	4450	1,425,115	0	1,425,115	1,619,916	1,619,916	312,444	1,619,944	312,444	1,614,815	1,614,815	1,614,815	
Billing Systems	4150	163,194	0	163,194	664,138	662,138	602,159	662,159	602,159	518,999	518,999	518,999	
Data Management Systems	4170	167,215	0	167,215	10,143	10,143	115,458	115,458	115,458	322,852	322,852	322,852	
BSS Testing	4920	8,115	0	8,115	21,134	21,134	0	21,134	0	131,755	131,755	131,755	
Implementation	4910	2,918	0	2,918	26,918	26,918	137,440	137,440	137,440	157,462	157,462	157,462	
LD & AIN	6110	393,210	510,954	803,164	463,213	463,213	111,279	412,359	412,359	501,115	769,434	664,837	1,202,470
System Architecture	6110	124,714	145,733	270,211	64,918	64,918	31,500	64,918	64,918	91,118	161,946	161,946	284,452
OSS Development	6110	610,211	744,212	1,354,444	547,181	547,181	400,184	547,181	547,181	89,118	186,456	186,456	351,916
WST Total	1,700,013	1,153,655	2,911,655	7,911,755	2,370,991	2,370,991	7,184,611	2,370,991	2,370,991	1,186,456	1,186,456	1,186,456	3,359,211
WINSTAR FOR BUILDINGS													
RF Consulting	2120	314,318	0	314,318	412,414	412,414	0	412,414	412,414	483,431	483,431	483,431	1,463,214
RF RFO Office	2120	446,113	219	446,113	1,500,000	1,500,000	270,304	1,500,000	270,304	3,221,613	3,221,613	3,221,613	12,315,351
WPS Total	4,221,011	3,500	4,221,011	4,221,011	4,221,011	4,221,011	270,304	4,221,011	270,304	4,221,011	4,221,011	4,221,011	12,315,351
WINSTAR NETWORK SERVICES													
Network Processing & Carrier R. Issues	3353	201,712	948,107	1,160,179	10,013	157,418	240,233	145,424	145,424	491,606	37,231	491,606	1,493,214
Network Processing and Protocols	4860	214,229	9,099	223,213	123,212	123,212	123,212	123,212	123,212	219,515	67,937	219,515	1,146,459
Technical Support	4860	82,177	0	82,177	82,177	82,177	0	82,177	82,177	82,177	82,177	82,177	82,177
Service Management Team	4700	162,723	0	162,723	131,019	131,019	0	131,019	131,019	144,019	144,019	144,019	443,143
TBS Engineering and Process Management	4710	61,418	164,921	238,419	19,747	19,747	19,747	19,747	19,747	31,617	31,617	31,617	187,779
Architecting and Advanced Technology	6010	61,002	83,963	207,210	21,962	21,962	0	21,962	21,962	31,964	31,964	31,964	158,491
City Planning	4860	444,158	0	444,158	111,718	111,718	156,319	111,718	111,718	318,277	318,277	318,277	1,118,937
TBS Network Program Office	6070	224,333	0	224,333	132,451	132,451	0	132,451	132,451	184,392	184,392	184,392	551,176
Vendor Program Office	6070	42,914	42,914	42,914	17,274	17,274	0	17,274	17,274	30,164	30,164	30,164	531,176
Enterprise Network Engineering	6140	382,420	(103,941)	284,479	174,432	174,432	0	174,432	174,432	213,421	(32,911)	213,421	1,158,913
Capacity Planning	6143	172,713	0	172,713	76,054	76,054	0	76,054	76,054	124,444	124,444	124,444	574,444
Service Node Engineering	6153	123,418	0	123,418	74,384	74,384	0	74,384	74,384	100,000	100,000	100,000	300,216
Access Design & Engineering	6410	978,418	243,927	1,243,313	109,913	109,913	262,744	109,913	109,913	444,606	211,210	444,606	1,904,097
ISP & DSL/Cable Engineering	6440	270,214	12,544	283,460	167,460	167,460	0	167,460	167,460	219,217	42,713	219,217	714,100
ISD Engineering	6450	102,277	41,291	142,570	90,429	90,429	0	90,429	90,429	161,541	161,541	161,541	452,022
ISD Engineering	6460	119,440	115,621	203,417	107,012	107,012	0	107,012	107,012	177,166	177,166	177,166	531,176
Optimisation Services	7110	95,200	0	95,200	69,020	69,020	0	69,020	69,020	93,000	93,000	93,000	300,971
Network Deployment	7210	60,211	0	60,211	92,492	92,492	0	92,492	92,492	61,934	61,934	61,934	187,811
Network Deployment	7210	143,718	327,428	319,143	111,412	111,412	172,046	111,412	111,412	217,716	401,310	217,716	1,201,931
Network Deployment Support	7710	182,010	1,217,297	1,217,297	549,213	549,213	1,341,460	1,341,460	1,341,460	1,248,111	1,248,111	1,248,111	3,282,253
Central Office Integration	7740	180,223	187,474	477,459	1,021,627	1,021,627	1,021,627	1,021,627	1,021,627	1,021,627	1,021,627	1,021,627	1,021,627
WPS Total	3,296,775	2,287,258	1,021,627	3,296,775	2,287,258	2,287,258	7,184,611	2,287,258	2,287,258	4,221,011	4,221,011	4,221,011	12,315,351
GRAND TOTAL													

***** -COMM JOURNAL- ***** DATE APR-02-2001 ***** TIME 11 10 *****

MODE = MEMORY TRANSMISSION

START=APR-02 11 09 END=APR-02 11 10

FILE NO -996

STN NO	COMM	ABBR NO	STATION NAME/TEL NO	PAGES	DURATION
881	OK	*	819026823181	002/002	00 00 28

-WINSTAR

***** - 2125844873- *****



WINSTAR

Fax Cover Sheet

Date: April 2, 2001
To: Genoveso Caviness
Fax #: 908-582-3101
From: Doreene Nidowicz
Phone #: 212-792-9069
RI Fax: 212-584-4073
of pages (including cover):

Message:

Please add this to the draw request as an attachment. Although this is not usually provided, this is the detail behind the services number

Please call me if you have any questions

Thanks
Doreene

**ROA
TAB
1165**



NOTICE OF REQUEST FOR BORROWING

To Lucent Technologies Inc as Administrative Agent

Reference is made to the Credit Agreement dated as of May 4 2000 among WVF I LLC (the Borrower) Winstar Communications Inc (Winstar) the lenders which are a party thereto The Bank of New York as Collateral Agent and Lucnet Technologies Inc as Administrative Agent (as amended from time to time the Credit Agreement) Unless otherwise defined herein capitalized terms defined in the Credit Agreement and used herein shall have the same meaning ascribed to such terms in the Credit Agreement

Pursuant to Section 2.03 the Credit Agreement the Borrower hereby gives the Administrative Agent written notice of request for a Borrowing according to the following instructions

1 Total Amount of Borrowing	\$ 160 052 143 45
a) Amount of Borrowing to be paid directly to Lucent for Lucent Invoices	\$ 73 168 493 95
b) Amount of Borrowing to be paid directly to Lucent for Lucent BCS & other subsidiary Invoices	\$ 7 227 646 00
c) Amount of Borrowing to be paid directly to Lucent for Lucent International Invoices	\$ 2 656 003 50
d) Amount of Borrowing to be paid directly to Lucent for Lucent Arrangement Fees	\$
e) Amount of Borrowing to be paid directly to the Borrower Non Lucent Equipment	\$ 77 000 000 00

* Wire Disbursement instructions for Non Lucent Invoices

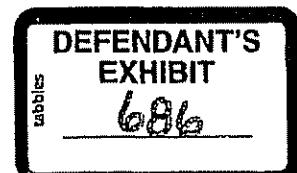
BANK NAME

STATE STREET BANK & TRUST

BOSTON MA

ABA NUMBER

011 000 028



ACCOUNT NAME

MERRILL GROUP

CREDIT MERRILL PREMIER FUND

FOR FURTHER CREDIT TO

WVF I LLC

ACCOUNT NUMBER

3273932

2 Effective Date of Borrowing May 30 2000

3 Type of Borrowing X LIBOR ABR

4 Interest Period Months 1 2 3
X 6 9 12

5 The Lucent invoices to be paid with the Borrowing are listed on Schedule A attached

The Borrower hereby certifies that all conditions for borrowing set forth in Section 4.03 the Credit Agreement have been satisfied or will be satisfied as of the date hereof and the date the borrowing is made

Dated this 23 day of May 2000

WVF I LLC
By 

Name Frederic E. Rubin

Title Vice President Treasurer

5/23/00 10:45 AM

Lucent Invoices - Draw 18
March 31, 2000

	<u>Invoice #</u>	<u>Invoice Amt</u>
<u>DOMESTIC</u>		
PARENT	CR908670	(1 670 00)
PARENT	SU006591	\$4 252 374 00
PARENT	CR002973	\$1 664 601 49
PARENT	ER003483	\$1 531 613 05
PARENT	CR002468	\$1 531 026 13
PARENT	SL005121	\$1 185 641 41
PARENT	WR002012	\$1 056 839 52
PARENT	SU006756	\$876 146 45
PARENT	SU006612	\$588 267 00
PARENT	0206403542	\$727 414 66
PARENT	20102866	\$352 297 90
PARENT	ER003188	\$121 000 00
PARENT	SU007139	\$240 000 00
PARENT	WR003289	\$231 966 72
PARENT	20102227	230 000 00
PARENT	ER002975	219 287 57
PARENT	CR003290	\$219 287 16
PARENT	SU005339	\$219 287 16
PARENT	PR001459	\$219 283 14
PARENT	SR002335	\$219 283 14
PARENT	PR001391	\$219 282 14
PARENT	PR001207	\$190 785 47
PARENT	ER002460	\$190 773 11
PARENT	SR002315	\$184 548 26
PARENT	WR003242	\$183 890 33
PARENT	SU007090	\$183 058 84
PARENT	CR003135	\$181 395 85
PARENT	WR003246	\$173 184 18
PARENT	SU007103	\$173 085 89
PARENT	CR003133	\$173 080 90
PARENT	CR003137	\$173 080 90
PARENT	CR003138	\$173 080 90
PARENT	CR003140	\$173 080 90
PARENT	CR003142	\$173 080 90
PARENT	NR003785	\$173 080 90
PARENT	NR003786	\$173 080 90
PARENT	NR003788	\$173 080 90
PARENT	PR001407	\$173 080 90
PARENT	PR001409	\$173 080 90
PARENT	PR001410	\$173 080 90
PARENT	PR001411	\$173 080 90
PARENT	PR001413	173 080 90
PARENT	PR001414	173 080 90

5/23/00 10 45 AM

Lucent Invoices - Draw 18
March 31, 2000

	<u>Invoice #</u>	<u>Invoice Amt</u>
PARENT	PR001415	\$173 080 90
PARENT	PR001447	\$173 080 90
PARENT	SR002310	\$173 080 90
PARENT	SR002312	\$173 080 90
PARENT	SR002318	\$173 080 90
PARENT	SR002320	\$173 080 90
PARENT	SR002321	\$173 080 90
PARENT	SU007070	\$173 080 90
PARENT	SU007074	\$173 080 90
PARENT	SU007093	\$173 080 90
PARENT	SU007096	\$173 080 90
PARENT	WR003221	\$173 080 90
PARENT	WR003233	\$173 080 90
PARENT	WR003248	\$173 080 90
PARENT	WR003264	\$173 080 90
PARENT	WR003290	\$173 080 90
PARENT	20101894	\$129 918 47
PARENT	CR003144	\$124 039 15
PARENT	ER003604	\$110 441 50
PARENT	ER003608	\$110 441 50
PARENT	SU006398	\$99 400 00
PARENT	CR003150	\$91 300 00
PARENT	PR001463	\$85 560 00
PARENT	ER003508	\$81 047 00
PARENT	NR003194	\$79 701 61
PARENT	400012333	\$70 886 21
PARENT	ER913028	\$69 624 76
PARENT	400012858	\$54 000 00
PARENT	228109	\$53 456 93
PARENT	NR003853	\$29 631 00
PARENT	SU007172	\$25 708 00
PARENT	SR002416	\$24 926 07
PARENT	SU006607	\$18 480 00
PARENT	20102547	\$18 000 00
PARENT	228110	\$17 507 55
PARENT	SU006604	\$17 472 00
PARENT	SU007758	\$15 960 00
PARENT	SU007784	\$15 960 00
PARENT	CR003358	\$15 712 00
PARENT	NR004204	\$14 407 00
PARENT	PR001206	\$11 175 99
PARENT	ER002058	\$11 041 00
PARENT	400004949	\$10 825 00
PARENT	NR002270	\$9 984 77
PARENT	CR002409	\$9 956 17
PARENT	SU005230	\$9 882 47

5/23/00 10 45 AM

Lucent Invoices - Draw 18

March 31, 2000

	<u>Invoice #</u>	<u>Invoice Amt</u>
PARENT	SR002071	\$9 853 11
PARENT	CR003301	\$9 583 40
PARENT	WR003487	\$9 578 04
PARENT	WR002520	\$8 885 92
PARENT	CR003040	\$8 744 00
PARENT	WR002471	\$8 135 00
PARENT	40309053	\$7 518 40
PARENT	ER003612	\$7 200 00
PARENT	ER002982	\$6 000 00
PARENT	SU005426	\$5 927 28
PARENT	NR004203	\$5 578 00
PARENT	NR003342	\$4 915 76
PARENT	SR001680	\$4 572 00
PARENT	WR002830	\$3 782 00
PARENT	CR003072	\$3 778 72
PARENT	SU007315	\$3 775 68
PARENT	SU006761	\$3 712 45
PARENT	CR002876	\$3 657 01
PARENT	SR002204	\$3 611 32
PARENT	10101849	\$3 375 00
PARENT	WR003479	\$3 297 01
PARENT	CR002875	\$3 251 85
PARENT	NR004205	\$2 933 00
PARENT	ER003327	\$2 021 00
PARENT	40308287	\$1 573 14
PARENT	CR003292	\$1 318 00
PARENT	ER002980	\$1 318 00
PARENT	SR001720	\$1 318 00
PARENT	SR002210	\$1 318 00
PARENT	SU007168	\$1 318 00
PARENT	WR002024	\$1 318 00
PARENT	40304611	\$420 96
PARENT	SO005451	\$285 53
PARENT	49315659	\$241 93
PARENT	PR001210	\$212 14
PARENT	WR002231	\$114 87
PARENT	40307191	\$106 98
PARENT	40304532	\$97 51
PARENT	10101575	\$70 00
PARENT	ER003485	\$5 755 012 50
PARENT	ER003480	\$522 619 66
PARENT	20102031	\$4 067 800 00
PARENT	SU007958	\$3 701 62
PARENT	SU007985	\$1 318 00
PARENT	SU007169	\$10 107 00
PARENT	SU007170	\$40 141 00

5/23/00 10:45 AM

Lucent Invoices - Draw 18

March 31, 2000

	<u>Invoice #</u>	<u>Invoice Amt</u>
PARENT	SU007171	\$63 043 00
PARENT	SU000980	\$1 554 00
PARENT	SR002693	\$880 171 87
PARENT	CR003570	\$1 188 00
PARENT	CR003568	\$1 318 00
PARENT	10101937	\$140 00
PARENT	10100980	\$38 593 26
PARENT	10100899	\$4 624 75
PARENT	10101823	\$465 00
PARENT	10101623	\$1 585 00
PARENT	10101382	\$705 00
PARENT	20103134	\$335 00
PARENT	PR001623	\$1 200 00
PARENT	PR001622	\$26 977 85
PARENT	PR001621	\$7 066 28
PARENT	PR001594	\$3 611 32
PARENT	PR001566	\$7 952 15
PARENT	SU007789	\$18 480 00
PARENT	SU007786	\$17 472 00
PARENT	SU007782	\$788 281 16
PARENT	SU007766	\$1 546 373 00
PARENT	SU007762	\$18 480 00
PARENT	SU007760	\$17 472 00
PARENT	SU007759	\$17 976 00
PARENT	SU007757	\$1 456 833 00
PARENT	ER003825	\$2 000 00
PARENT	ER003823	\$230 000 00
PARENT	ER003854	\$150 000 00
PARENT	WR003920	\$1 200 00
PARENT	NR004275	\$36 245 00
PARENT	NR004202	\$9 338 00
PARENT	10101987	\$5 735 10
PARENT	70103133	\$105 00
PARENT	50104270	\$550 00
PARENT	10102048	\$30 271 10
PARENT	40104543	\$485 00
PARENT	10101892	\$875 00
PARENT	SU006809	\$28 306 261 76
PARENT	SU007788	\$14 784 00
PARENT	SU007761	\$14 784 00
PARENT	CR003602	\$22 320 00
PARENT	20103242	\$90 900 36
PARENT	20102030	\$919 731 28
PARENT	20102207	\$3 769 800 00
PARENT	20103543	\$302 990 90

Lucent Invoices - Draw 18
March 31, 2000

5/23/00 10:45 AM

<u>Invoice #</u>	<u>Invoice Amt</u>
PARENT TOTAL	\$73 168,493 95
Anixter P O Box 98908 Chicago IL 0315849	\$1 591 706 00
Anixter P O Box 98908 Chicago IL 0315850	\$~ 631 940 00
CHICAGO TOTAL	\$7 227,646 00
TOTAL DOMESTIC	\$80,396,139 95

5/23/00 10:45 AM

Lucent Invoices - Draw 18
 March 31, 2000

	Invoice #	Invoice Amt
<u>INTERNATIONAL</u>		
FRANCE	MKT12015	704 00
FRANCE	975487	18 660 00
FRANCE	976249	91 783 00
	FRANCE TOTAL	111 147 00
BELGIUM	973490	8 327 00
BELGIUM	973488	8 327 00
BELGIUM	975484	18 660 00
BELGIUM	976195	71 502 55
BELGIUM	976246	41 931 00
	BELGIUM TOTAL	148 747 55
NETHERLANDS	973472	970 00
NETHERLANDS	973454	58 289 00
NETHERLANDS	973464	65 102 00
NETHERLANDS	975464	3 614 00
NETHERLANDS	975471	158 287 00
NETHERLANDS	975476	2 143 00
NETHERLANDS	975478	158 287 00
NETHERLANDS	975483	18 660 00
NETHERLANDS	976333	7 746 00
NETHERLANDS	976332	6 707 00
NETHERLANDS	976331	6 202 00
NETHERLANDS	976319	323 00
NETHERLANDS	976285	22 164 00
NETHERLANDS	976252	3 721 00
NETHERLANDS	973473	38 929 00
NETHERLANDS	974343	185 061 00
NETHERLANDS	975481	35 884 00
NETHERLANDS	976175	140 210 10
NETHERLANDS	976176	214 507 65
NETHERLANDS	976243	99 415 00
NETHERLANDS	976641	3 277 00
NETHERLANDS	976643	20 139 00
NETHERLANDS	976644	15 239 00
	NETHERLANDS TOTAL	1 288 956 75
UNITED KINGDOM	975486	18 660 00
UNITED KINGDOM	975475	2 143 00

5/23/00 10 45 AM

Lucent Invoices - Draw 18
 March 31, 2000

	<u>Invoice #</u>	<u>Invoice Amt</u>
UNITED KINGDOM	975474	2 143 00
UNITED KINGDOM	975473	37 393 00
UNITED KINGDOM	975460	10 950 00
UNITED KINGDOM	976247	14 294 00
	<u>UNITED KINGDOM TOTAL</u>	<u>85 583 00</u>
GERMANY	976188	76 888 00
GERMANY	976177	26 712 00
GERMANY	976289	17 916 00
GERMANY	975485	18 660 00
GERMANY	973478	6 051 00
GERMANY	972852	29 270 00
GERMANY	972794	17 500 00
GERMANY	972793	14 500 00
GERMANY	976248	34 030 00
	<u>GERMANY TOTAL</u>	<u>241 527 00</u>
ARGENTINA	1 7631	13 859 00
ARGENTINA	1 7703	7 929 00
ARGENTINA	1 7889	151 685 38
ARGENTINA	1 7903	69 528 00
ARGENTINA	1 7904	30 606 98
ARGENTINA	1 7927	22 202 95
ARGENTINA	1 8163	61 526 55
ARGENTINA	1 8568	3 983 06
ARGENTINA	1 8569	33 727 50
ARGENTINA	25510019	154 858 78 fr Lucent USA
ARGENTINA	25510019	230 135 00 fr Lucent USA
	<u>ARGENINA TOTAL</u>	<u>780 042 20</u>
	INTERNATIONAL TOTAL	\$2 656 003 50

**ROA
TAB
1166**

Unknown

From Hopkins Deborah C (Deborah)
Sent Wednesday May 31 2000 9 15 PM
To Viqueira William (William)
Subject RE Winstar

I went ahead and left him an email saying the week of june 19th would be good but we should talk

From Viqueira William (William)
Sent Thursday June 01 2000 12 41 AM
To Hopkins Deborah C (Deborah)
Subject Winstar
Importance High

Deb

I asked Leslie to send you some background on the LU/Winstar relationship but I'm not sure if you got it. Anyway in short, we agreed to a very poorly structured deal with them for \$2billion with availability capped at \$1 billion at any one time. At the time we did this they assured us verbally that they would not draw on this line until late this year. As it turns out they have decided to sit on \$600 million in cash they raised from banks and do not want to use that cash to pay approx \$100mm in AR they owe us. They have suggested they will draw \$250mm on our line to pay our AR if we insist on the AR being paid this quarter. This is the last thing I want. Rick Uhl their CFO has an ego the size of the galaxy. He is upset you have not called him to introduce yourself and discuss the above. There is lots more color on this but I'll stop here. Give me a call to discuss when you can. Bill

DEFENDANT'S
EXHIBIT

687

**ROA
TAB
1174**

Printer Printer

From Nate Kantor [nkantor@winstar.com]
Sent Tuesday May 08 2001 5 22 PM
To Bill Rouhana
Subject FW Winstar Partnership Concept

Bill,

I actually like this MOU and scope of work however will zing them with regard to the hesitancy regarding financing, I want to get this as close to a "commitment" as possible before we go through the negotiation I obviously recognize a lot of financial due diligence needs to be done but they need to understand that this is a deal breaker right from day one I like the \$1.5 billion-I think that would be good to shoot for

I doubt whether they have all the skills in place to "actually" make this happen. My idea is to create a WinStar subsidiary that does Engineering, Program Management, Construction etc -kind of a combo Ackerman/Simons org that will actually work with Lucent providing the 'outsource management' of the contract or some professional services. I want Lucent to actually buy services from us as part of the deal and wrap it all under this agreement. We should be able to finance and capitalize all this and possibly even get revenue (not sure if I am stretching this a bit-want you to think about it). Typically I would outsource this stuff and have our folks become Lucent employees, but I am concerned about stock options etc. I think we have built a machine that would be too difficult for Lucent to duplicate. The perfect solution is to put them together as a team so be get best of both worlds. Please think about how we can do this and I will start pointing them in this 'combined' direction. I'll send you my response to them

Take care and hope you are enjoying your weekend

Nate

>Cc Nina Aversano <aversano@lucent.com>
> Mark Wilson
> <wilsonmark@lucent.com>
>From "Plunkett, William Montgomery, II (Bill)" <wmplunkett@lucent.com>
>To nkantor@winstar.com
>Original-Cc Nina Aversano <aversano@lucent.com> Mark Wilson
> <wilsonmark@lucent.com>
>Subject FW Winstar Partnership Concept
>Date Fri -2 Oct 1998 18 39 37 0400
>X-Mailer Internet Mail Service (5.5.1960.3)
>
>Nate
>Please find attached a copy of the WinStar/Lucent Partnership Concept. We
>are looking forward to discussing this with you and your team next week. We
>think it is a good starting paper but we have lots of details to work out
>
> Nina Aversano
>
> -----
>From Plunkett William Montgomery, II (Bill)
>Sent Friday October 02, 1998 2 11 PM
>To Aversano Nina (Nina)
>Subject FW Winstar Partnership Concept
>
>
>
> <<Memorandum of Understanding 2 doc>>
>
>



**ROA
TAB
1178**

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of)
)
LUCENT TECHNOLOGIES, INC) File No HO 9128

WITNESS David W. Ackerman

PAGES 1 through 219

PLACE Securities and Exchange Commission Headquarters
 450 Fifth Street, NW
 Washington, DC

DATE Thursday, October 11, 2001

The above entitled matter came on for hearing at 10 00 a.m., pursuant to notice.

APPEARANCES

On behalf of the Securities and Exchange Commission

KEN R CUNNINGHAM, ESQ
RICHARD W GRIME, ESQ
CHARLES E CAIN, ESQ
RICHARD MOORE, ACCOUNTANT
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549
(202) 942 7160

On behalf of the Witness

MERRILL G GODFREY, ESQ
ROLAND G SCHROEDER, ESQ
Shearman & Sterling
801 Pennsylvania Avenue, NW, Suite 900
Washington, DC 20004-2604
(202) 508 8000

13

1 Q You described it as general oversight Could you
2 go into a little bit more detail? For instance, did you
3 have the opportunity to make suggestions as to what
4 equipment was purchased? Did you actually negotiate deals
5 with vendors? Did you have the opportunity to veto?

6 A Okay- Let's take them one at a time

7 Q Sure

8 A Did I make suggestions? Yes, with regard to the
9 type and application, the architecture, and who we'd look at
10 for various functions Then you said did I —

11 Q Did you negotiate with vendors?

12 A If it was a large deal, a large transaction — and
13 that was a subjective definition of large, we didn't have a
14 specific number — then I would be involved in the
15 negotiation of the overall contract, for example, with
16 Lucent

17 If it were a very — a relatively smaller contract
18 or one that was specialized, for example, with a contractor
19 who was going to construct certain elements of the network,
20 one of the senior VPs would do that, and perhaps run some of
21 it by me or not, depending upon — I was more in an advice
22 role there If he thought he needed my advice, he'd ask it,
23 otherwise, they could do their own thing

24 Q Was Bill Zlotnick more involved with the
25 purchasing of equipment from vendors than you were?

26 A It's hard to — when you say "more," at the
27 detailed level he had more of a day_to_day interaction with
28 regard to the individual purchase requests But again, as
29 I said, Bill didn't write the purchase orders They came
30 out of procurement

31 But Bill would sort of see these individual
32 documents because he had budget control So he would —
33 when you say "more," it was at a different level He would
34 see the specific elements and then report to me sort of
35 generically, we're within budget We're exceeding budget
36 This looks like we may go over budget

37 And then I'd take a look at perhaps some of the
38 individual things to see why we were exceeding or why we
39 weren't — so, you know, it was that kind of — did that
40 make sense?

41 Q Yes, it did Thanks

42 Looking specifically at Lucent, when did Winstar's

14

1 relationship with Lucent begin?

2 A It began very early in Winstar's history We
3 started __ when we built the retail business __ well,
4 I can't remember dates Probably around '96_ish, we
5 initiated discussions with Lucent, as well as a number of
6 other vendors, to provide us with basic switching equipment
7 to get into the local voice switch business

8 So I think it was back __ it might have even been
9 earlier than that, but I think '96 feels about right

10 Q Okay And did the parties then, Lucent and
11 Winstar, that is, sign a service agreement in October of
12 1998?

13 A Yes That was when we took the relationship to a
14 different stage

15 Q Okay And what __

16 A A different level

17 Q In a very general sense, what did the service
18 agreement obligate the parties to do?

19 A It obligated Lucent to provide us with substantial
20 financing, and us, it obligated us to utilize Lucent to the
21 best of our ability to be our network, systems __ network
22 equipment, systems, and services vendor, provided they were
23 best of breed in each of the areas that we needed either the
24 services or equipment or systems That's at a very high
25 level

26 Q Did Lucent and Winstar enter into an
27 end_of_quarter deal in the end of December 1999 that you're
28 aware of?

29 A Off the top of my head, no, I don't remember, but
30 I imagine that we did because typically we did

31 Q Okay Could you describe in general terms the
32 typical manner in which Winstar would purchase equipment or
33 services from Lucent after October of 1998?

34 A It was a multi_faceted undertaking We would __
35 the basic service construct was the development of the
36 Winstar architecture So that was a service that was
37 purchased sort of as __ how can you define it? __ a service
38 to be performed by Lucent that would then drive the purchase
39 of other equipment as the architectural elements were
40 identified going forward

41 However, in the meantime, we had a business to
42 run, and we were still building networks So we would also

1 at the same time, based on an existing architecture of what
2 equipment we were using, purchase individual elements of
3 equipment from Lucent and individual services associated
4 with deploying those elements from Lucent, as well as then
5 the systems that we previously talked about that would
6 support them

7 So the first step in the process is we were buying
8 individual things, sort of, or in groups of ten or twenty or
9 fifty

10 Q Such as switches?

11 A Switches, support systems, data switches,
12 engineering services

13 Q And typically how did this occur? Did Winstar
14 approach Lucent or did Lucent approach Winstar?

15 A It was both, but initially you would say that
16 Winstar defined it by approaching Lucent Once that
17 contract was signed, we were really trying to create the
18 strategy relationship where Lucent would proactively make
19 recommendations to us based on their understanding of the
20 technology and how it was evolving, and we would proactively
21 make requests of Lucent based on what we knew our business
22 plan to be We were doing something unique that no one else
23 in the world was even trying to do, so it was an iterative
24 process

25 Q Is it fair to __ I'm sorry Is it fair to say
26 that both parties knew what Winstar's goals were to build
27 out this network, so both parties were working to achieve
28 that same goal and would approach each other with ideas?

29 A Yes We should change seats You're doing much
30 better than I am

31 Q Again, in very general terms, could you describe
32 for me the mechanics of a purchase if Lucent were to
33 approach Winstar?

34 A Again, it depends at which level we're talking
35 An individual, for example a contractor, Lucent would say,
36 hey, we have this individual who can help you in this area
37 performing this service And they weren't ready yet to take
38 on the whole service That would be done at a relatively
39 low level in the organization so long as it fit the umbrella
40 of the contract and the capital authorized to be expended

41 Then there were ongoing things that we knew we
42 were buying, like a new 5E switch It wasn't up for

1 discussion as to whether or not that was the appropriate
2 switching vehicle, we're just going to buy one So a
3 purchase request __ far more sophisticated for a 5E switch,
4 but it was an engineering order, really, with the
5 configuration all laid out __ was jointly done with Lucent,
6 and then that order would be placed on Lucent

7 But a new network element, there would be
8 architectural engineering discussions among all __ between
9 and among the various organizations with Winstar and Lucent
10 Then we might take vendor A, B, C, and D's equipment and put
11 it in our lab and, side by side with Lucent's E, run them
12 through their paces, and then jointly come out with an
13 analysis that says, oh, this is best of breed or this isn't
14 best of breed

15 And, in fact, Lucent was not best of breed in some
16 instances, accepted that, and we bought other vendors'
17 equipment And in some areas they had no desire to be best
18 of breed For example, they don't make radios So they'd
19 help us determine which vendor's radios to deploy And in
20 other areas, there were disagreements between the parties

21 Q I'm sorry In what type of deal between Lucent
22 and Winstar or purchased by Winstar from Lucent would you
23 personally become involved?

24 A I was just getting there

25 Q Okay Great

26 A So where there were disagreements, for example, as
27 to best of breed, there were __ there would be then a
28 head_to_head comparison against the requirements And the
29 senior person, the vice president or senior VP at Lucent __
30 I don't know his title __ and I would then sit there and,
31 since it was supposed to be a partnership, evaluate jointly
32 whether or not it was best of breed

33 Because, you know, you get two engineers in a
34 room, you'll get two different opinions as to which
35 engineering solution is best, so I always said we should
36 have only one engineer We'll always know the right answer

37 But then that kind of decision, then, was
38 typically jointly made by my counterpart at Lucent and I,
39 and we rarely __ in fact, we never had an issue where it
40 never had to be bumped up to our bosses as to what we
41 purchase or not

42 Q In 1999 and 2000, who was your counterpart at

1 other

2 Q And what about when you dealt with Plunkett? Did
3 you think then that what he was asking you to do was do this
4 because this helped Lucent recognize revenue?

5 A I didn't think that doing this was a revenue
6 recognition issue I had in the back of my mind that it was
7 something else that he needed to shift to the next quarter
8 for his personal — maybe his — how he was getting
9 commissioned or something I didn't know

10 Q Well, didn't it cross your mind that in some
11 fashion, in some way, what he was asking you to do was to
12 help him deceive somebody?

13 A I don't know because the document is there with
14 the date on it So how can it be deceptive? I don't think
15 we were trying to deceive anybody

16 Q Well, let me say the document might have been
17 regarding as being deceptive because the deal was reached at
18 the end of September and the initial document was initialed
19 by him right around the end of September

20 Other documents that were reached at the end of
21 September were dated the end of September And then this
22 other document gets put on one side, and then a few days or
23 weeks later it then gets dated but in fact is dated a date
24 unrelated to when it was actually reached

25 A See, I don't see that it's — I'm going through a
26 transaction now I'm refinancing my house I got a
27 commitment letter dated September and I got other things
28 dated September and we're actually going to settle in
29 October And so I don't see anything — I mean, some things
30 happen in this month, and we're negotiating it all at the
31 same time

32 Q Yes But you're not reaching the deal when you
33 refinance your house in October and then signing it next
34 January You're signing it —

35 A Well, I reached the deal in September I got the
36 commitment in September, and we're actually settling in
37 October So I —

38 Q Right But you're not dating the settlement —

39 A Maybe I'm thinking — I'm just telling you how
40 I think So that's why I didn't see anything particularly
41 wrong

42 Q You saw nothing at all? I mean, it just strikes

1 me as just ____ I'm trying to ask you, at that time you saw
2 nothing untoward about what he was asking you to do Is
3 that right?

4 A Well, I don't think so because I know ____ I've
5 dealt with sales people all my life I've never been in
6 sales because I don't think I could sell and I don't think
7 I could get turned down

8 And so sales guys do things for the craziest of
9 reasons because they're gaming their commissions and stuff
10 And as long as it wasn't harming me, I'm okay with it

11 Q So did you at least suspect at the time that
12 that's what he was perhaps doing?

13 A I don't know what I was thinking All I was
14 thinking was the deal is done I got what I wanted I got
15 the hubs and B's and I got an integration lab And hey, and
16 I got this gravy, too I've gotten our credit which we
17 you know, which I felt was appropriate and due and coming to
18 us anyway

19 So that's what I was thinking, that I got
20 something that I'd been trying to get, in terms of the hubs
21 and B's pricing and an integration lab, for literally a
22 year_and_a_half So I'm not thinking about much else

23 Q Had Plunkett ever asked you to do a deal like this
24 in the past?

25 A A deal like this?

26 Q Meaning had Plunkett ever asked you to date
27 documents different from when the deal was actually
28 concluded?

29 A I don't think so

30 Q Had anyone at Lucent ever asked you to do that?

31 A It's sort of a contextual issue I know we've
32 reached conclusions on deals and then people have said,
33 "Well, we're not going to sign it until next month" But
34 you're saying there's some difference here that I'm not
35 getting

36 Q I'm asking you ____ well, here Plunkett has asked
37 you, we've reached the deal, but you know what? Can we date
38 part of it a different date next month? Has anyone asked
39 you ____ at least with just that limited context, has anyone
40 asked you to do that?

41 A I can't unequivocally say no to that ever because
42 there may be times when we reached agreements and did things